



## Circular Economy 2-pager, 19th December 2022

### POLICY LANDSCAPE

#### EU LEVEL

In 2015, the European Commission (EC) adopted the **Circular Economy Action Plan**, which included comprehensive measures addressing waste management. The plan set minimum targets for recycling, landfilling, material recovery, and renewable energy consumption. Among other initiatives introduced was the plastics strategy which aimed to ban and reduce the consumption of certain types of single-use plastic. Continuing on this path, the EC adopted the **New Circular Economy Action Plan (CEAP)** in 2020, which constitutes one of the main building blocks of the European Green Deal, aiming to facilitate circularity in Europe's new agenda for sustainable growth. Germany has performed well in attaining the CE legislation targets thus far.

#### CURRENT MAIN EU TARGETS INCLUDE:

- Min. 65% of municipal waste to be recycled by 2035
- Min. 70% of all packaging waste is to be recycled by 2030. Germany and the Netherlands already achieved the 70% target by 2030 in 2016
- Max. 10% of municipal waste to be landfilled by 2035
- From July 2021, certain types of single-use plastics cannot be placed on the EU markets

#### NATIONAL LEVEL

The **Circular Economy Initiative Deutschland (CEID)** was founded in 2019 on behalf of the Federal Ministry of Education and Research to promote Germany's transformation into circular economy. CEID is a multi-stakeholder initiative that involves scientific institutions, industry, and civil society to discuss how to foster circular transformation. CEID is structured in 3 working groups (WG) and based on a life-cycle approach: the Circular Business Models WG and the Packaging and Traction Batteries WGs. Several recommendations coming out of CEID work are reflected in the coalition agreement of the new federal government.

On a federal level, several strategies for resource efficiency have been initiated. The first national 4-year Resource Efficiency Program (ProgRess) was launched in 2012. In 2020, the 3rd generation, **ProgRess III**, was adopted, whereby the strategy considered the entire value chains in a spectrum of topics covered by 118 measures, ranging from ecological due diligence obligations in raw material supply chains, reparability of products, advisory services for companies, product design, and standardization to certification of systems for recycling, among others.

### FACTS & FIGURES

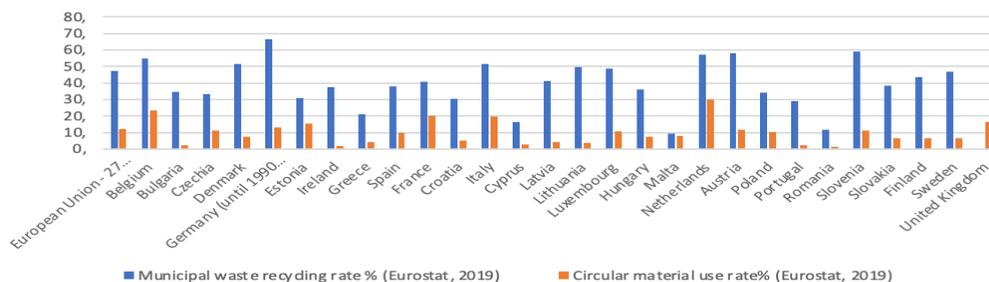
#### ECONOMIC INDICATORS

- Population (2021): 83 mln
- Nominal GDP (2021): €3,601.8 tln, world rank: 4<sup>th</sup>
- Purchasing power per capita (2021): € 39,000
- Imports from the NL (2021): USD 157,39 billion
- Economic growth (2022): 1,5%
- Ease of doing business rank (2020): 22/190
- Corruption index (2021): 10/198
- Unemployment rate (2021): 3,6%
- Currency: €
- Time difference NL: +0.00 hrs

#### CE INDICATORS

- Global innovation index (2021): 10/132
- Municipal waste recycling rate (2020): 68,3%
- Circular material use rate (2019): 12,9%

Circular Economy Indicators (EU)



The basis of the German federal waste legislation is the European Directive from 2008 on waste. Drawing upon it, in 2012, the German Bundestag adopted the Act Reorganizing the Law on Closed Cycle Management and Waste (**Kreislaufwirtschaftsgesetz**) to implement the European directives. As a renewed commitment, on 20 January 2021,

Germany's Federal Cabinet approved a new Draft Law transposing the Single Use Plastics Directive (EU-Plastics Directive 2019) and the Waste Framework Directive into the Packaging Act (VerpackG). From the 1st of July 2022, all types of packaging must be registered in the platform LUCID.

## SELECTED PRIORITY AREAS

### PLASTICS & CHEMICAL RECYCLING

The **trilateral strategy** for the chemical recycling collaboration by the regions of Flanders, North –Rhine-Westphalia and the Netherlands represents a game changer in sustainability and circularity. As a direct result, their chemical federations, VCI (Germany), VNCI (Netherlands) and Essenscia (Belgium), have propelled the development of the international project **“Cracker for the future”** consortium, whereby six petrochemical companies are jointly investigating the possibility of running cracker installations on renewable electricity while exploring the use of hydrogen in the future. In that regard, The NorthRhine-Westphalia region in Germany is taking bolder decisive steps toward a policy landscape that scales up the absorption capacity of other waste streams while sustaining competitiveness in international markets. The coalition agreement in Germany included chemical recycling as a key element in the German Packaging Act (**VerpackG**), with gradual adoption for all industries using all types of packaging.

### THE AUTOMOTIVE INDUSTRY

The German automotive industry is one of the largest in the world. With growing concerns about climate change and environmental degradation, sustainability has become a strategic priority for most German automotive companies. Incorporating circular economy has the potential to offer significant economic benefits and make electric vehicles more sustainable, improve the design and introduce new business models that support longer lifetimes of products and services. The Dutch market offers attractive opportunities for many types of companies active in e-mobility: electric vehicle manufacturers charging infrastructure companies, battery makers and auxiliary power unit producers. Cooperation with the Dutch automotive industry, which is characterized by a dynamic mix of innovative approaches and component suppliers, could support the German automotive industry in a faster transition towards a circular economy

### CIRCULAR BATTERIES

In Germany, more than **60,000 tonnes of portable batteries** and accumulators are placed on the market annually. Consumers can return portable waste batteries free of charge to retailers or voluntary collection points. However, there is a great need for innovation to mitigate the environment of battery production, which will be increasing at a pace with the demand for EVs. At the intersection of the energy transition and the sustainable products revolution, the battery supply chain is one of the strategic hubs for circular management.

In 2022, a consortium of German companies and global players in the sector launched the **Battery Pass project**. The goal is to develop an interoperable and open standard data collection platform which is the basis for the **digital battery passport**. The latter ensures transparency and sustainability from production to recycling, supporting seamless documentation of the battery life information on raw material extraction, reparability and recyclability conditions. The funding decision for the “battery ecosystem” comprises **a total of 8.2 million** euros, which will go to a consortium led by Systemiq Deutschland GmbH.

### TEXTILES

The transition towards a circular textile industry in Germany is still in its infancy due to a wide range of socio-economic, environmental, and legal barriers which create path dependencies and inhibit the adoption of circular solutions on a broader scale. Still, Germany is among the frontrunners of post-consumer textile collection in Europe. Most volumes are reused or recycled; however, a considerable share is still incinerated, and the consumption rank is among the highest across all European countries. In the presence of globalized, interconnected and highly complex textile supply chains, sharing information and best practices between Dutch and German knowledge institutes, business and public actors is perceived as particularly important to advance circular practices in the textile industry.

### LINKS & REPORTS

- The CE in Southern Germany: opportunities for Dutch entrepreneurs in the infrastructure and construction sectors
- Circular Economy Roadmap for Germany
- Resource-Efficient Battery Life Cycles – Driving Electric Mobility with the Circular Economy
- Stakeholders analysis DECOM
- Sector study sustainable mobility in Germany

### Business Networks

CE think tanks/research institutes

- Systemiq
- Wuppertal Institute for Climate, Environment and Energy
- Hamburgische Welt Wirtschafts Institut (HWWI)
- Fraunhofer Cluster Circular Plastics Economy
- CLIB
- Duits-Nederlandse Handelskamer in Den Haag

- Kunststoffland NRW

- Chemie NRW

### Embassies & Related Organisations

- German Embassy and Consulate General in the Hague
- Dutch Embassy in Berlin
- Dutch Consulate General in Dusseldorf
- Dutch Consulate General in Munich